



# How the data was compiled

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- Data for members who retired in 2008, 2009, 2010 and 2011 was collected from all three PSPRS-administered Plans -- PSPRS, CORP and EORP.
- The highest three years of contributions were totaled and compared to the prior three year totals, to come up with a percent change (Variance). (For instance, if a member retired at the end of 2010, then the total contributions of 2008, 2009 and 2010 would be compared with the total contributions of 2005, 2006 and 2007.)
- Our study did not look for an average percent of change for all retirees from one high three year period to the next. Instead, we looked for the percent of members with contributions that increased by 25% or more from one three year average to the next.
- Only retirees with an equal number of pay periods for each three year period were compared. Those with a variance of greater than 25% or more were included in the report.



# Results

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- **Chart Explanation:** for Public Safety, of those who retired in 2011, 22.6% had an increase of 25% or more, when comparing the highest 3 years to the prior 3 years.

## Results of the Study

Year of Retirement	Public Safety	Corrections Officers	Elected Officials
2011	22.6% increase	7.37% increase	7.04% increase
2010	27.27% increase	8.28% increase	8.57% increase
2009	29.77% increase	10.71% increase	0.00% increase
2008	25.16% increase	5.24% increase	9.09% increase



# Information

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- **Definition of “Spiking”:** Spiking is a practice (for example, granting large adjustments in pay, large amounts of overtime, etc.) involving employee and employer that significantly increases the final average salary “FAS” and transfers the increased pension liabilities associated with the increased “FAS” to other contributors.
  
- **Factors in PSPRS and CORP Plans that Prevent “Spiking”:**
  - Employers control pay adjustments and all forms of compensation, including the use of overtime;
  - Each employer is responsible for the liability of its own group of employees and **CANNOT SHIFT THAT LIABILITY TO OTHER CONTRIBUTING EMPLOYERS.**



# **PSPRS Definition: 38-842**

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"Compensation" means, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer and holiday pay paid to an employee by the employer on a regular monthly, semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system pursuant to section 38-843, subsection D.



# **CORP Definition: 38-881**

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"Salary" means the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semimonthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements.



# EORP Definition

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(A.R.S. Section 38-810)...requires that contributions be made on “gross salary”.

PSPRS has interpreted the statutes to mean just “salary”. **No other form of compensation** (i.e. travel allowance, payment in lieu of vacation, or various other fringe benefits) can be included in the pensionable compensation base.